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December 10, 2003

Ms Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

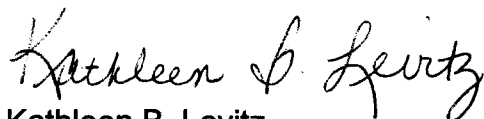
Re: WC Docket No. 03-220

Dear Ms Dortch:

This is to inform you that on December 9, 2003, Lin Atkinson, Martin Walker, Barbee Ponder and I, all representing BellSouth, met with Michelle Carey, Brent Olson, Tom Navin, Pam Arluk, and Marcus Maher of the Wireline Competition Bureau. During the meeting, the BellSouth representatives presented additional information in support of BellSouth's petition for forbearance from §§ 251 (c)(3), (c)(4), and (c)(6) of the Communications Act of 1934, as amended ("the Act") and explained why the request met the requirements of § 10 of the Act. The attached documents formed the basis for the discussion.

In accordance with Section 1.1206, I am filing this notice and the attachments electronically and request that you please place both in the record of the proceeding identified above. Thank you.

Sincerely,



Kathleen B. Levitz

Attachments

cc: Michelle Carey
Tom Navin
Brent Olson
Pam Arluk
Marcus Maher

**BellSouth's Petition for
Forbearance of Sections
251(c)(3), (c)(4), and (c)(6)
in New Build, Multi-Premises
Developments**

WC Docket No. 03-220

BellSouth's Request

- BellSouth is seeking only an equal opportunity to compete to serve New Build, Multi-Premises Developments (New Build MPDs)
 - The FCC has already recognized that
 - ILECs have no inherent advantage in serving New Build MPDs
 - Competitive providers have lower labor costs.
 - Today among those competing to serve such developments in the BellSouth region, only BellSouth has unbundling, discounted resale and collocation obligations
 - Without these requirements, BellSouth could make more attractive offerings to the developers of such units
 - Ultimately consumers would be the beneficiaries of the resulting increased competition

Topics for Discussion Today

- Why BellSouth filed its forbearance petition
- How the relevant statutory provisions hobble BellSouth today
- How this hobbling affects the competitive environment
 - The North Carolina Experience
- Why Section 10(d) does not forestall the relief BellSouth seeks

Why a Forbearance Petition?

- As the Research Triangle, North Carolina, experience shows, the obligation to comply with the relevant statutory provisions has placed, and will continue to place, BellSouth at an unreasonable disadvantage as it tries to compete for access to New Build MPDs.

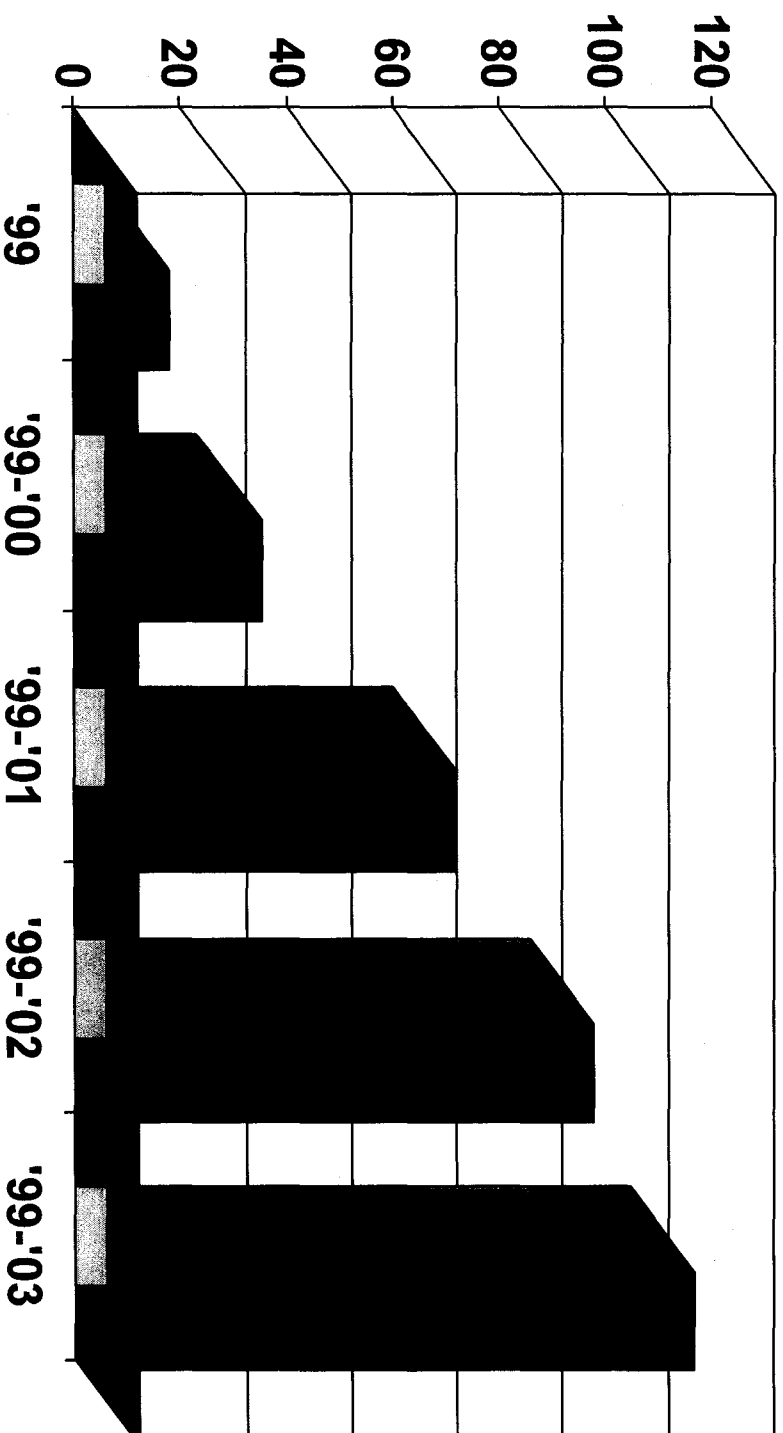
How the provisions from which BellSouth seeks forbearance produce this outcome

- UNE rates handicap BellSouth when competing for marketing rights to greenfield projects
- In planning their proposals to developers, other competitors can assume they will have 100% retail market share, and pay developer accordingly
- Requested relief will allow us to better compete for marketing rights and justify cost of FTTC deployment

How this hobbling affects the competitive environment

- As the attached charts show, BellSouth has lost, and continues to lose a growing share of, new-build, multi premises development business opportunities available annually in its region
- BellSouth is not even “invited to the table” to negotiate for many new developments
- Cable operators are announcing their intent to use VoIP technology to enter the voice services market during the coming year
- Thus the magnitude of opportunities lost annually will only grow

“Lost” Developments by Year



December 9, 2003

BellSouth Presentation

Research Triangle Experience Illustrates Impact of Statutes

- Attached charts show
 - New build, single family and multi-premise development units in Research Triangle between 1999 and 2005
 - Percentage of units that BST does not serve
- Charts also show
 - How other carriers not burdened by statutes prevail with increasing frequency in competitive negotiations for new builds
 - How cable companies' entry into voice market will significantly accelerate this trend's growth

BellSouth has met the three requirements of Section 10(a)

- With the continued application of Sections 201, 202, 251 (a) and (b), Section 271 and parallel state regulation, enforcement of Sections 251 (c)(3), (c)(4) and (c)(6) is not necessary
 - to ensure that charges, practices, classifications, or regulations by, for, or in connection with these facilities and services in unnecessary (Section 10(a)(1))
 - to protect consumers (Section 10(a)(2))
- The requested forbearance will also facilitate robust competition to serve new build, multi-premises developments, ultimately to the benefit of consumers. (Section 10(a)(3))

Why Section 10(d) does not foreclose the relief BellSouth seeks

- The Commission has already found that Section 251(c) has been fully implemented throughout the BellSouth region.
- The statute contains no market share test for determining when Section 251 (c) has been “fully implemented.”
- The CLECs’ interpretation of Section 271(d)(6) cannot be reconciled with Section 10(d).
- The Verizon O,I& M Order does not bar the relief BellSouth seeks.

Summary

- BellSouth needs evenhanded regulation to be able to compete successfully to offer facilities and services to customers in new build, multi-premises developments.
- The limited forbearance that BellSouth seeks would promote more robust competition and, ultimately, benefit the public interest.
- There is no statutory impediment to granting the relief BellSouth seeks

TRIANGLE New Build MPD Summary
12-01-2003

Facility Based CLEC - Analysis of Living Units served to the Curb

Residential New Build Units Served - Analysis		1999	2000	2001	2002	2003	2004	2005	Ave '01 >'04
Residential New Build Units Provisioned (Raleigh/Chapel Hill MSA)	Single Family "New Build " Units Served - Total	7,301	7,377	5,807	6,031	4,003	5,058	5,225	5,225
	Single Family "New Build " Units Served - By CLEC	0	0	167	1,046	667	681	865	638
	% Single Family "New Build " Units Served - By CLEC			2.9%	17.3%	16.4%	13.5%	16.6%	12.2%
	Multi-Family (Apts) "New Build " Units Served - Total	5,278	7,936	3,849	3,316	2,422	2,456	2,835	3,011
	Multi-Family (Apts) "New Build " Units Served - by CLEC	0	0	526	504	180	469	600	422
	% Multi-Family (Apts) "New Build " Units Served - by CLEC			13.7%	15.2%	7.8%	19.1%	21.2%	14.0%
	Total "New Build " Units Served	12,579	15,313	9,656	9,347	6,425	7,514	8,060	8,236
	Total "New Build " Units Served - By CLEC	0	0	693	1,550	847	1,150	1,465	1,060
	% Total "New Build " Units Served - By CLEC			7.2%	16.6%	13.2%	15.3%	18.2%	12.9%

TRIANGLE New Build MPD Summary

12-01-2003

New Build MPD Residential Units Provisioned - % Competitive Presence & Market Penetration Rates (Raleigh/Chapel Hill MSA)

	1999	2000	2001	2002	2003	2004	2005	Ave '01 >'04	
1) CLEC - Facility Based Competition - New Build MPD Penetration Rate (CLEC By-Pass Substitution Rate- Calculated)	0%	0%	7.2%	16.6%	13.2%	15.3%	18.2%	12.9%	< CLECs capture 100% of the New Build MPD they target
2) Wireless Substitution Rate (Living Units without Landlines) (Wireless New Build Substitution Rate- Conservative Estimates)	0.5%	3.7%	5.5%	8.5%	12.7%	15.3%	17.1%	10.6%	< Primarily a MDU issue (5% in SF / 35% in MF)
3) CABLE TV / IP Telephony - Penetration Rate (CATV-Telephony Substitution Rate- Begins 2004 - Estimates)	0%	0%	0%	0%	0%	5%	15%	1.5%	< VOIP Rollout in 2004
Total Residential Market - Penetration Rate	0.5%	3.7%	12.7%	25.1%	25.9%	35.6%	50.3%	25.0%	
A) CABLE TV Facility Based Overlay - Penetration Rate (CATV Facility Based Overlay - % Telco Units Passed)	96.9%	97.1%	97.3%	97.3%	97.4%	97.5%	97.7%	97.4%	< Facility Overlay almost 100%
B) BROADBAND Facility Based Overlay - Penetration Rate (Broadband Only - Facility Based Providers- % Telco Units Passed)	0%	0%	0.001%	0.001%	0.001%	0.010%	0.015%	0.010%	

Lost Developments by Type

	<u>Orlando</u>	<u>All other FL*</u>	<u>FL</u>	<u>NC</u>	<u>MS</u>	<u>TN</u>	<u>GA</u>	<u>SC</u>	<u>LA</u>	<u>Total- all States</u>
Single Family	1	3	4	25	4		2	1		36
Multi-family/MDU	32	1	33	23	1				1	58
Total Consumer	33	4	37	48	5	0	2	1	1	94
Mall			0	4		1	1			6
Office complex			0	2	1	2				5
Total Commercial	0	0	0	6	1	3	1	0	0	11
Total Mixed Use		1	1	3						4
Total all Types	33	5	38	57	6	3	3	1	1	109

* Pensacola, Panama City, Palm district

Lost Developments by Competitor

FL- Orlando

Orlando Tel	14
AT&T	9
Time Warner	4
FL MultiMedia	3
Campus Link	2
Sprint	1
	<u>33</u>

NC

CTC	51
NTC	2
Comporium	1
Pineville Tel	1
Other	2
	<u>57</u>

TN

AT&T	1
XO	1
US LEC	1
	<u>3</u>

LA

New Tech	1
	<u>1</u>

FL- All other

Knology	2
IDS / Hometown CATV	2
BCI/DSSI	1
	<u>5</u>

MS

Bay Springs	4
Expetel	2
	<u>6</u>

GA

Hargray	2
CTC	1
	<u>3</u>

SC

Pond Branch	1
	<u>1</u>

Wire Center	Consumer Property	Access 24/7 Yes or No	Single Family or Multi Family	# of LUs	Service Date E = Expected	Competition	Type Revenue Loss **	
Azalea Park	Waterford Pointe Apts. 12900 Waterford Wood Cir. Orlando, FL. 32828	Yes	M	240	1/15/01	(AT&T) OTC	PF	
Azalea Park	Harbour Keys 5749 Gatlin Ave. Orlando, FL 32822	Yes	M	460	8/20/01	AT&T	UNE	
Azalea Park	Highland Pointe 7721 Silver Pointe Blvd Orlando, FL 32822	Yes	M	272	8/22/01	AT&T	UNE	
Azalea Park	*University Club Apts. 12024 Royal Wulff Ln. Orlando, FL 32817	Yes	M	696	10/16/01	AT&T	UNTW	
Pinecastle	Audobon Villas, Hunter's Creek, Town Center Blvd	Yes	M	376	existing	AT&T	UNTW	
Pinehills	Silver Cove		M	192		AT&T	UNE	
Pinehills	River Oaks, Little River Loop		M	168		AT&T	UNTW	
Pinehills	Lake Weston Pt		M	234		AT&T	UNE	
Pinehills	Willow Key		M	380		AT&T	UNTW	
Azalea Park	*Knights Crossing 12101 Knights Crossing Cir Orlando, FL. 32817	Yes	M	2500	8/1/99	Campus Link	PF	
Azalea Park	*Knights Kourt (formerly College Park) 2635 College Knight Ct. Orlando, FL. 32826	Yes	M	1200	8/1/98	Campus Link	PF	
Azalea Park	*Boardwalk Apartments Alafaya Trail Orlando, FL. 32826	Yes	M	480	6/30/01E	Florida Consolidated Multimedia Services Inc.	PF	
Oviedo	*Riverwind Apartments 100 Riverwind Way Oviedo, FL. 32765	Yes	M	480	8/1/00	Florida Consolidated Multimedia Services Inc.	PF	
Azalea Park	Valencia Trace Apts. 101 Grande Valencia Dr. Orlando, Florida	Yes	M	229	9/1/03	Florida Multimedia Service	PF	

Azalea Park	*College Station 12100 Renaissance Ct. Orlando, FL. 32826	Yes	M	76	9/12/00	OTC	PF	
Azalea Park	*The Village of Alafaya Club 3100 Alafaya Club Dr Orlando, FL. 32826	Yes	M	798	8/1/99	OTC	PF	
Azalea Park	*College Suites of Science Drive 2913 Einstein Way Orlando, FL. 32826	Yes	M	672	8/1/00	OTC	PF	
Azalea Park	Cypress at Waterford Alafaya Trail Orlando, FL. 32828	Yes	M	340	3/1/01	OTC	PF	
Azalea Park	Victoria Place Apts. Town Center Parkway Orlando, FL. 32828		M	320	6/15/02E	OTC	PF	
Oviedo	*Tivoli Apartments 4284 Spoleto Cir Oviedo, FL. 32765	Yes	M	672	3/28/01	OTC	PF	
Sandlake	Cypress Fairways, 5443-5483 Vineland Rd		M	385	9/1/99	OTC	CF	
Sandlake	Vizcaya, The Esplanade	No	SF	166	12/1/2000E	OTC	CF	
Sandlake	Vizcaya, The Esplanade		M	403	unknown	OTC	CF	
Pinehills	Tuscana at Grove Pt. 6053 Westgate Dr. Orlando, Fl.		M	238	12/15/99	OTC	PF	
Pinehills	Park Avenue At MetroWest	no	M	743	11/1/00	OTC	CF	
Pinehills	Hawthorne Groves apts.	no	M	326	5/1/01	OTC	PF	
Pinehills	Middlebrook Apts Conroy Rd	no	M	320	8/30/01	OTC	CF	
Azalea Park	*Collegiate Village Inn 11850 University Blvd. Orlando, FL. 32826	Yes	M	636	8/1/95	Sprint	PF	
Pinehills	Carlisle Apts@ MetroWest		M	250	8/1/97	TWC	R	

Pinehills	Courtney Place on Kirkman Rd		M	240	8/22/97	TWC	R	
Pinehills	Vinings @ Lenox Pl		M	470	2/8/98	TWC	R	
Pinehills	Vinings Club		M	400	4/1/97	TWC	R	
Pinecastle	Grande Pointe Apts Honour Rd		M		9/30/2001E		PF	

TOTAL Living Units Lost:

16562

OTC: Orlando Telephone Company / TWC: Time Warner Company

* Properties that Lease by the Bedroom (Student Housing)

** Complete Facility Bypass (CF), Partial Facility Bypass (PF) or Resale (R). Resale Activity Probably Much Higher Than Shown, But We are Unaware.

(UNTW) Unbundled NTW, (UNE) Unbundled Network Element - most are locations where CLEC utilizes our F2 facility from xbox out.